



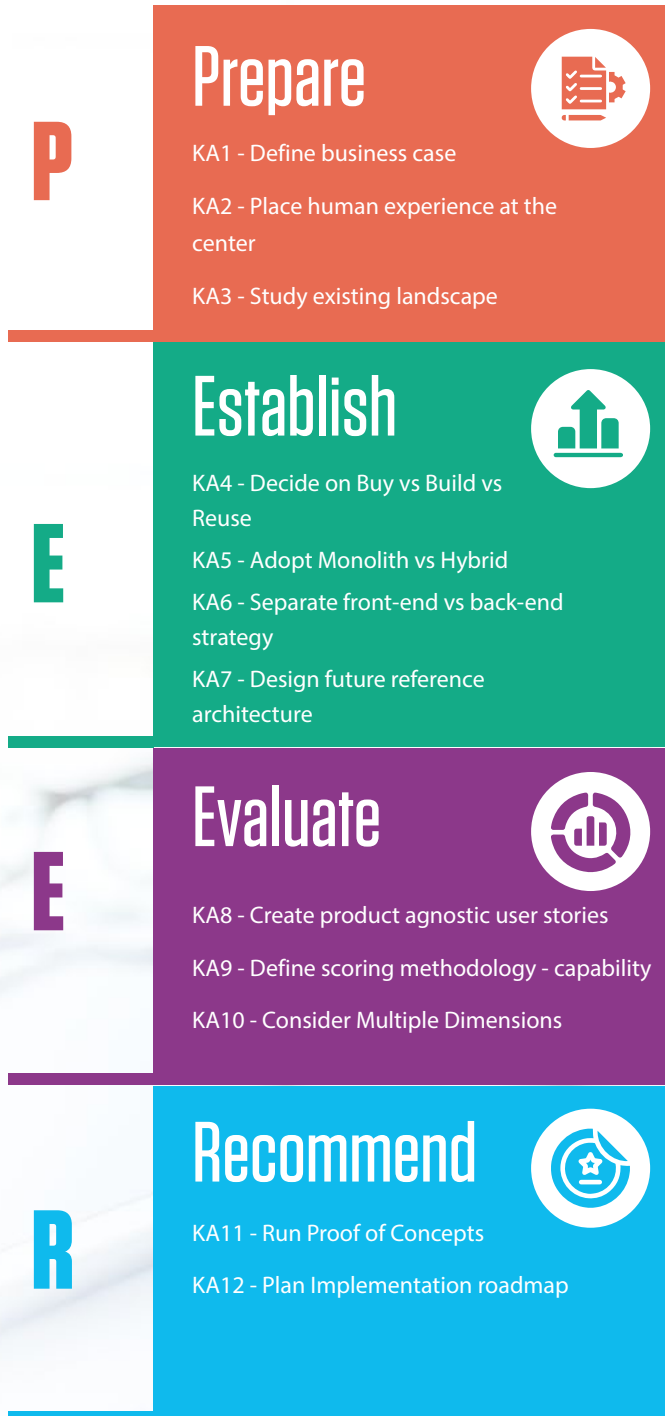
A PRODUCT / PLATFORM SELECTION JOURNEY

(Contextualized by an Auto Finance Case Study)

The Covid-19 pandemic altered the business world in more ways than one. Business enterprises accelerated digitizing their IT infrastructure. In a survey of business decision makers, 84% of executives confirmed accelerating their digital transformation plans^[1]. Legacy core systems are a major obstacle in this business transformation journey. Legacy enterprise systems have little or no scope to integrate digital capabilities with innovative products and services offerings. Time to market and risks involved in developing custom solutions have resulted in a majority of enterprises either adopting commercial-off-the-shelf products (COTS) or cloud-based enterprise application platforms. Consequently, product selection becomes challenging as it transcends an IT exercise to become a strategic business decision.

Presenting the Infosys PEER Framework

Infosys recommends a four-phase PEER framework with 12 key activities (KA) for product/platform selection. An illustrative use case of this framework is in auto finance domain. Auto finance companies are modernizing their legacy origination and servicing systems to incorporate lean automation capabilities in underwriting, billing, and account management to foray into online financing and mobility product offerings. Let's see how the framework would help an Auto Captive navigate through this transformation journey.

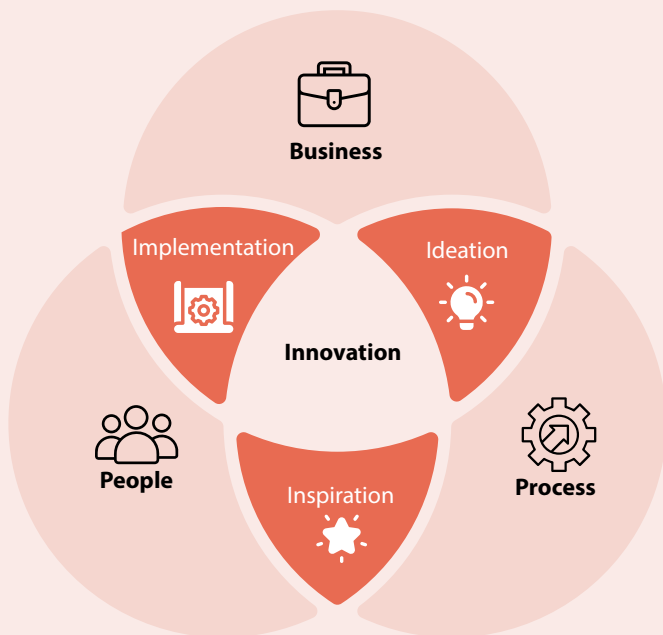


Prepare

KA1. Define Business Case

Modernization goes beyond replacing legacy systems or uplifting the technology stack. It is a strategic initiative to harness innovation across three dimensions: business, process and people. Executive leadership should address business-oriented questions — What new products and services should be launched? Which markets should be targeted? What should be the mergers and acquisitions and joint ventures strategy? Similarly, leadership should have answers for process-oriented questions — What customer and dealer pain points should be solved? What area/ department should be improved?.

The optimal approach: Rather than selecting a technical offering, focus on the changing market dynamics by applying design thinking to define problem statements and business cases.



KA2. Place Human Experience at the Center

The success of a modernization program (product implementation) depends on how well the product meets the needs of users. Identifying key customer and user personas as well as diverse actors aligned with personas helps identify key goals, aspirations, motivations, and pain points.

Creating dealer working groups with key dealer patrons participating in requirement workshops and incentivizing them with rebates for user feedback, are some of the methods to understand major pain points and potential success factors.

KA3. Study the Existing Landscape

A crucial phase in a modernization journey is a rigorous system landscape study. Creating a high-level as-is functional architecture and capability mapping matrix offers an intimate understanding of the current state, and subsequently, aids in developing a roadmap for the desired future state.

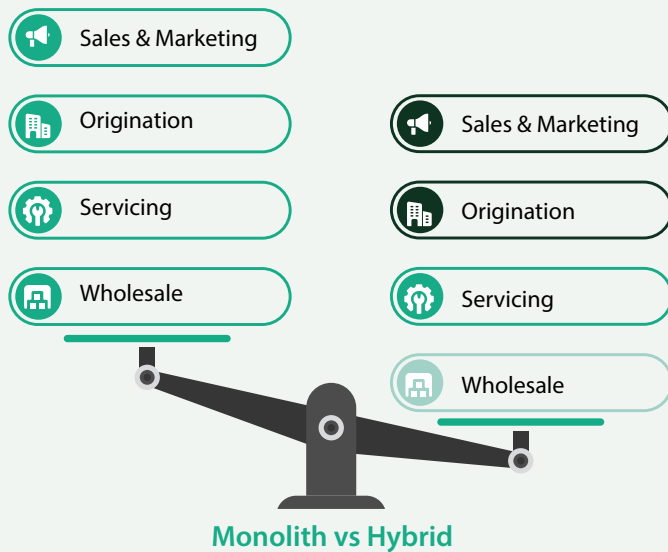
Understanding how solutions for key capabilities, such as pricing, contract, and underwriting, are implemented & benchmarked against best practices, helps identify obsolete technologies and technical debt that are not aligned with the enterprise vision.



Establish

KA4. Adopt Monolith vs Hybrid Approach

The key factors to be evaluated include the portfolio size, product types (loan/lease), and the category of customers (private/business/fleet). The boom in subscription and mobility services is also a catalyst, as traditional (software) products lag in billing and invoicing capabilities required to develop such innovative offerings. Small and medium enterprises with lean product offerings may have the advantage of a single product solution, whereas a hybrid solution is more suitable for large enterprises.



Monolith vs Hybrid

KA5. Evaluate Buy vs Build vs Reuse

The basic premise in the transition from legacy systems to modernizing core platforms: 'Not everything needs to be thrown away.' Enterprises should undertake an inventory of what systems to keep, what capabilities to build that are tailor-made, and what capabilities to acquire through existing products in the market.

Creating a 'Buy vs Build vs Reuse' framework requires developing a holistic checklist across functional, technological, and strategic dimensions, and assessing each system in enterprise architecture. Leaders need to address basic questions such as — Can the document management system be reused? Rather than buying a generic market-ready product, can the customer portal be custom-built?

KA6. Separate Front-end vs Back-end Strategy

Enterprises should implement relevant strategies for customer and dealer facing front-end systems and back-end servicing systems based on the intended outcomes. Customer and dealer portals focus on the user experience and personalization, while robust calculation engines, flexible workflows and rules configurations are critical for back-end servicing systems. As the user experience is connected to the macro digital experience, customers, and users tend to compare experiences across industries and seek frequent upgrades. The servicing system, on the other hand, is the backbone, which does not require to be revamped frequently.

When formulating front-end vs back-end systems strategies, leadership should address basic questions — Is it optimal to select a low-code platform to build customer and dealer facing capabilities for flexibility and scalability? Can enterprise users select a specialized auto finance COTS product for the servicing system that is robust and stable?

KA7. Design Future Reference Architecture

The success of a digital transformation depends on addressing current challenges and aligning them with the enterprise vision. Leaders should evaluate and develop a blueprint of existing systems, and document technical deficiencies, pain points, business importance, emerging business needs, maintenance costs, and replacement costs. It will support the development of a mature solution where various systems are prioritized and upgraded in a phased manner based on business needs, business value, competitive edge (e.g. Fin Techs), technical needs, and risk assessment.



Evaluate

KA8. Create Product Agnostic User Stories

Creating requirements or product backlog is the basic process in any product selection exercise. However, the conflict is typically at the level of details. While some enterprises create high-level user stories that are often not comprehensive enough to assess a vendor response, others create detailed stories at a good-to-implement level which is costly and time-consuming.

The optimal approach: create product agnostic user stories categorized at the theme (origination, servicing), epic (credit application, underwriting, customer service), and feature level. It will lead to user stories that are detailed enough for vendors to clearly understand the requirements and respond with how their product/platform meets these needs.

KA9. Define Scoring Methodology - Capability

A thorough scientific scoring methodology should be defined to arrive at a cumulative score for evaluating responses. A simple 3- or 5-point scale rating for out-of-the-box, configuration, custom development and unsupported features will not provide deep insights. An efficient framework: arrive at prioritized scoring for requirements/user stories at the feature level, then factor in the vendor response and finally, arrive at the weighted average score based on the criticality of capability at the epic level. It will not only reveal the top-ranked product/platform but also their strengths and pitfalls.

Should one select Product A supporting 80% of the 'must have' and 50% of the 'should have' requirements or Product B that meets 70% of both the 'must have' and 'should have' requirements? — This is a typical trade-off scenario to anticipate.

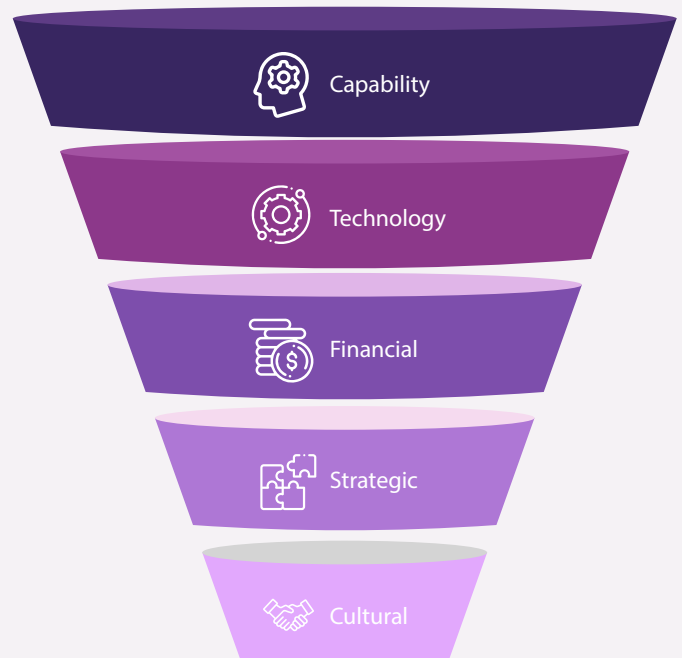


KA10. Consider Multiple Dimensions

The challenge in the discovery phase: “Which product/platform should be selected?”. A common mistake is choosing a product/platform based on its brand image rather than from a predefined scientific approach and framework. Assessing a product/platform from diverse dimensions such as capability, technology, financial, strategic, and cultural fitments is necessary to select the right solution.

In each of these dimensions, there are core aspects to consider. Capability fit should analyze breadth (product, asset, and customer types) and depth (commission, subsidy, billing, and accrual types) of the product/platform. Technology fit should evaluate the tech stack, architecture, scalability, reliability, cloud enablement, supported interfaces, and other technical aspects. Financial fit should consider the base implementation and ongoing licensing costs to arrive at the total cost of ownership (TCO). Enterprises often focus on the first three dimensions but overlook the last two. Questions to ask for strategic and cultural fitment include — “Is the product/platform vendor in business for at least 5/10 years?”, “How many clients with US\$ 10/15/20 million revenues/year do they serve?”, and “How diverse is their workforce and its geographical presence?”

Product Selection Funnel



Recommend

KA11. Run Proof of Concepts

A basic premise: Proof of Concept (PoC) is not MVP. PoC is a pre-product /platform selection activity. Selecting two or three flows and validating key aspects such as setup (product, asset, plan), application submission, credit approval, document processing, contract booking, payments, account restructuring, and pre-closure with standard out-of-the-box product features minimizes the risks to a large extent.

Some prominent aspects to validate during PoC with the top vendor before signing the contract include data flows, available integrations, data migration approach, configuration of products, pricing assets, and other master setups. For large deals, PoCs with the top two contenders are recommended.

KA12. Plan an Implementation Roadmap

Once a product/platform solution is selected, a clear implementation roadmap is needed. The implementation roadmap should consider a three-phase approach: MVP, transition or mid and final phase of the program based on the requirements priorities. It should address the objectives, challenges, key considerations, and critical success factors or milestones defined for each phase.

Key aspects to be considered for planning a multi-country, multi-business line implementation include data migration, integration, testing strategies, release plan, and rollout strategies. Legacy retirement and measuring the success of new systems are additional aspects to analyze and design during planning of the implementation roadmap.

The infographic below is a consulting case study on product selection. Some of the listed key activities are to be performed as pre-vendor selection activities while others are to be performed in collaboration with the vendor post-selection.

Transformation journey of a captive finance partner

Project Overview

Consulting engagement to navigate a transformation journey to modernize business and technology landscape.

- Region:** North America
- Duration:** 9 Months
- Markets:** US & Canada

Our Solution

Project Details

- Defined roadmap and business capabilities for current and future business landscape
- Future reference enterprise architecture exercise
- Product/platform assessment and recommendation
- Implementation strategy and pilot rollout

Approach

- Hybrid approach with low code platform for dealer facing system and a specialized auto finance COTS product for the back-end core systems.
- Focused workshops on futuristic areas and digital portals
- Clear Buy vs Build vs Reuse guidelines
- Vendor shortlist and selection based on capability, technology, financial and strategic fitment

Key Challenges

- Lack of well-defined documents of existing processes as well as SMEs
- Heterogenous system landscape, non-compatible with modern systems
- Complex and inefficient system code base

Key Milestones

Design Thinking	Requirement Workshops	Enterprise Architecture	Vendor Evaluation	Proof of Concept	Implementation Roadmap
<ul style="list-style-type: none"> Number of Design Thinking workshops: 4 (~2 days) User personas identified: 3 UX screens created: 5 	<ul style="list-style-type: none"> Functional areas: Origination, Servicing, Wholesale, Customer Portal Number of requirements workshops: 25 (~9 weeks) Number of product agnostic user stories created: 465 	<ul style="list-style-type: none"> Staggered architecture roadmap with two intermediate level before final stage architecture. Flatter learning curve and risk mitigation with phased approach 	<ul style="list-style-type: none"> Initial Products/vendors considered: 13 Products/vendors shortlisted for RFP-based fitment: 5 Products/vendors selected for PoC based on response scoring: 2 	<ul style="list-style-type: none"> Number of end-to-end flows tested: 5 Number of integration points tested: 11 	<ul style="list-style-type: none"> Prioritized release plan for business areas with high impact Region and product specific release approach Comprehensive training plan with KPIs to measure adoption and satisfaction rate.

Benefits to Client

End-to-end business transformation

Leveraged Infosys Auto-Finance Knowledge Repository

Improved customer and stakeholder experience

Technology uplift

Conclusion

The Infosys framework is broad based and can be applied across industries. The actual exercise varies depending on the scope, nature, and size of the enterprise. While this exercise would entail some initial investment in terms of time & money, it would certainly help making the transformation program more human centric, business driven, future ready, and ensure a successful execution.

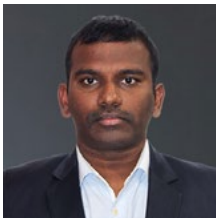
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1. <https://www.helpnetsecurity.com/2020/11/30/accelerating-digital-transformation-plans/>

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